

## **Michelle Steel: State gas tax law a complicated mess**

By MICHELLE STEEL/ For the Register

In 2010, the Legislature passed a law that turned the tax on gasoline into a complicated mess and saddled the Board of Equalization with a requirement to adjust excise tax rates on gas every year. Because of this law, known as the Gas Tax Swap, the State Board of Equalization – in a 3-2 vote – increased the excise tax on gas by 3.5 cents at our Feb. 28 meeting in Culver City.

I voted against this adjustment because it is wrong for the Legislature to force the BOE to raise gas tax rates on California drivers by more than half a billion dollars based on a guessing game.

Under the Gas Tax Swap, the Legislature lowered the sales tax rate on gas and increased the excise tax rate. It also required the BOE, by March 1 each year, to forecast the price of gas and how many gallons Californians will buy in the coming year, and estimate how much sales tax would have been collected if the rate had not been reduced. If the estimates project an increase in sales tax revenue, staff is obligated to propose an increase in the excise tax rate to raise the same amount.

The calculations used to estimate future tax revenue are a guessing game based on numbers that change all the time. Gas prices rise and fall at different times throughout the year and are notoriously difficult to predict. Raising the excise tax rate based on such shaky guessing is wrong, especially when Californians are already hurting.

If BOE members had rejected these speculative projections, Californians would have saved 3.5 cents per gallon of gas starting July 1. However, the increase was approved. But even if the Board had decided to keep the current excise tax rate, this annual guessing game for gas taxes would still be required by law.

Liberal politicians in Sacramento, hungry for more of our hard-earned dollars, are already hurting California's lowest income earners with increased sales taxes

from Proposition 30 and increased corporate and income taxes that make it harder to create jobs and grow businesses in this state. This law only makes the pain worse by making it more expensive to drive.

I urge the Legislature to eliminate this unjust scheme, which requires the BOE – an agency without independent authority to raise taxes – to adjust gas tax rates each year based on a guess.

*Michelle Steel is vice chairwoman of California's Board of Equalization.*